


what is MSP ?

Medicare is the secondary payer of health insurance benefits for disabled people and Medicare beneficiaries who are also covered under a health plan through their current employment or a health plan based upon the current employment of a family member. This Medicare secondary payer provision applies to group health plans of employers that employ 100 or more full and/or part time employees. The secondary payer provision also applies to group health plans of employees with fewer than 100 employees if the employer is part of a multi-employer health plan in which at least one participating employer has 100 or more full and/or part time employees.

medicare secondary payer

 AdminaStar Federal
8115 Knue Rd.
Indianapolis, IN 46250

Attn: Benefits Department

 AdminaStar Federal

MEDICARE

secondary
payer



Medicare Outreach Services

medicare secondary payer

Following are examples of situations when Medicare is the secondary payer.

example 1:

You have a current employee with a spouse under the age of 65 and on Medicare because of disability. Your group health plan meets the size requirements described in the chart below, and the employee covers the disabled spouse with the company's health plan. In this situation, the company health plan is primary to Medicare as long as the employee remains actively employed.

example 2:

The other most commonly encountered situation involves an employee (or former employee) who has Medicare because of disability, but also remains an insured person on the company's health plan. Following are the guidelines used to determine the primary payer of health benefits in this case:

Prior to the enactment of the Omnibus Budget Reconciliation Act of 1993 (OBRA 93), the primary payer was determined based upon indicators of active employment status as provided by the employer. OBRA 93, effective August 10, 1993, abolished the indicators of active employment status. Beginning August 10, 1993, Medicare secondary payer status for a disabled Medicare beneficiary is determined based upon whether the individual is currently working for the employer. If the individual is working, Medicare is secondary to the employer's health plan. If the beneficiary is not working, Medicare is the primary payer.

Medicare offices are not attempting to identify individuals who may be affected by the change in the law. If Medicare had already been determined to be the secondary payer prior to August 10, 1993, Medicare will remain the secondary payer. However, you, as the employer, may initiate action to seek a change in the payment status.

In order to ensure proper Medicare secondary payer status determinations, it is important that coordination occur between your company and your health insurance plan. You may feel that Medicare should be the primary payer based upon the facts outlined in this brochure. However, the administrator of your health plan may not be aware that the individual is covered by Medicare or of your desire that Medicare be the primary payer. Lack of coordination may lead to erroneous primary payments by your health plan and thus necessitate time consuming and expensive efforts to recover benefits paid in error.

Employers have a number of responsibilities under MSP law:

- ✗ To identify those individuals to whom the MSP requirements apply
- ✗ To provide for proper primary payments when the law makes Medicare the secondary payer
- ✗ To assure that there is no discrimination against employees and employee's spouses aged 65 or over, people who suffer from permanent kidney failure, and disabled Medicare beneficiaries for whom Medicare is secondary payer

Guidelines for Order of Benefit Determination for Beneficiaries

| Claimant | Employer Group Health Plan (EGHP) | Medicare |
|---|-----------------------------------|-----------|
| Active employee, 20 or more employees, (working age 65+) | Primary | Secondary |
| Disabled employee less than 65 (effective 08/10/93) | Secondary | Primary |
| Retired with coverage through an employed spouse | Primary | Secondary |
| Disabled employee less than 65 with coverage through an employed spouse (more than 100 employees) | Primary | Secondary |
| Disabled employee less than 65 with coverage through a spouse (less than 100 employees) | Secondary | Primary |
| Spouse of active employee | Primary | Secondary |
| Disabled spouse less than 65 (greater than 100 employees) | Primary | Secondary |
| Disabled spouse less than 65 (less than 100 employees) | Secondary | Primary |



Where to Obtain Assistance!

If you have questions about Medicare Secondary Payer requirements or your responsibilities under the Data Match, write to:

U.S. Department of Health and Human Services, Health Care Financing Administration, Bureau of Program Operations, 7500 Security Boulevard Baltimore, Maryland 21244-1850